

## Message Text

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ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 INR-05 CIAE-00 NSC-05 NSCE-00  
L-01 SP-02 PRS-01 USIA-01 PM-03 DODE-00 SIL-01  
EB-04 TRSE-00 NEAE-00 /045 W  
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P R 261159Z MAY 77  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC PRIORITY 6336  
INFO AMEMBASSY AMMAN  
AMEMBASSY CAIRO  
AMEMBASSY DAMASCUS  
AMEMBASSY JIDDA  
AMCONSUL JERUSALEM

C O N F I D E N T I A L TEL AVIV 3728

LIMDIS

E.O. 11652: GDS  
TAGS: PFOR, IS  
SUBJECT: RABIN COMMENTS ON THE DOMESTIC SITUATION

SUMMARY: RABIN TOLD ME MAY 25 THAT THE LABOR PARTY HAD  
FAILED IN THE RECENT ELECTIONS BECAUSE OF ITS LACK OF  
CAPABILITY TO ADJUST TO NEW SOCIAL RELATIONSHIPS IN  
ISRAEL AND BECAUSE IT HAD LACKED COHESION. THE LIKUD  
HAD MERELY HAD TO USE AGAINST LABOR WHAT LABOR PARTY  
MEMBERS HAD SAID ABOUT THEMSELVES. NOW LABOR MUST WORK  
TO PREVENT THE LOSS OF ITS MAJORITY IN THE HISTADRUT  
ELECTION WHERE THE APPEARANCE OF THE DMC IS A COMPLI-  
CATING FACTOR. LABOR HAD DONE MUCH GOOD FOR ISRAEL IN  
THE SOCIAL FIELD AND HAD STRENGTHENED ITS DEFENSES, BUT  
AT A HEAVY COST. HE THOUGHT THE DMC WOULD TRY TO  
ACHIEVE A BALANCING POSITION IN BOTH THE GOVERNMENT AND  
HISTADRUT. FINALLY, THE PRIME MINISTER TOLD ME THAT  
WHILE IT IS STILL IN OFFICE THE GOVERNMENT WOULD  
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MAINTAIN ITS SETTLEMENTS POLICY UNCHANGED. END  
SUMMARY.

1. WHEN I PAID MY FIRST CALL ON PRIME MINISTER RABIN  
MAY 25 HE NOT ONLY TALKED AT LENGTH ABOUT THE MIDDLE  
EAST SITUATION (SEPTTEL) BUT ALSO DISCUSSED THE FALLOUT  
FROM LAST WEEK'S ELECTION. HE BEGAN BY SAYING THAT NO

ONE HAD EXPECTED SUCH A SETBACK FOR LABOR. I ASKED HOW HE ASSESSED ITS SIGNIFICANCE FOR THE FUTURE OF THE PARTY.

2. IN A PHILOSOPHICAL VEIN, THE PRIME MINISTER SAID THAT EVEN BEFORE THE LESSON HE HAD BELIEVED THAT ISRAEL WAS IN A TRANSITIONAL PERIOD, MOVING AWAY FROM THE OLD POLITICAL CONCEPTS AND, IN FACT, FROM THE OLDER GENERATION. THE WHOLE POLITICAL STRUCTURE WAS MUCH LESS RELEVANT TO THE REALITIES IN ISRAEL TODAY. THE PRINCIPAL FAILURE OF THE LABOR PARTY HAD BEEN ITS LACK OF CAPABILITY TO ADJUST TO THE NEW SOCIAL RELATIONSHIPS. ANOTHER FAILURE HAD BEEN ITS COMPLETE LACK OF COHESION: A FORM OF SELF-DESTRUCTION STEMMING FROM WITHIN THE PARTY ITSELF. THE LABOR PARTY, HE SAID, HAD OFFERED THE ELECTION TO THE LIKUD ON A SILVER PLATTER. ALL THE LIKUD HAD HAD TO DO WAS TO USE AGAINST LABOR WHAT THE LABOR PARTY MEMBERS SAID ABOUT THEMSELVES. BEGIN HAD BEEN MORE TOLERANT IN HIS COMMENT ABOUT CABINET MEMBERS WHEN HE WAS ABROAD THAN CERTAIN PRINCIPAL MEMBERS OF THE LABOR PARTY ITSELF.

3. NOW, RABIN CONTINUED, THE JOB FOR LABOR WAS TO PREVENT THE LOSS OF ITS MAJORITY IN THE KNESSET. THE KNESSET ELECTION REPRESENTED A TOUGH CHALLENGE BECAUSE OF THE APPEARANCE OF THE MERIT LIST, HE ADMITTED, ALL THE BACKLOG OF WHAT HAD BEEN DEVELOPING OVER THE LAST FEW YEARS. THERE WAS NO DOUBT THAT LABOR HAD DONE MUCH GOOD FOR ISRAEL IN THE SOCIAL FIELD BUT THE

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EXPENSE OF THE IMPROVEMENTS MADE ADDED TO THE HEAVY DEFENSE BURDEN HAD PUT AN EVER HEAVIER LOAD ON THE AVERAGE WORKER. AS A RESULT, LABOR HAD GOTTEN LITTLE THANKS FROM THE UNDERPRIVILEGED WHO HAD BEEN HELPED AND HAD LOST THE SUPPORT OF THE MIDDLE CLASS WORKERS WHO HAD BEEN SQUEEZED. THE PROBLEM AS HE SAW IT WAS THAT LABOR HAD TRIED TO ACHIEVE THESE DESIRABLE SOCIAL GOALS AS WELL AS MAINTAINING AN UNLIMITED DEFENSE BUDGET. (IN AN ASIDE, HE NOTED THAT THE LIKUD HAD SAID IT WOULD CUT THE DEFENSE BUDGET, AT LEAST A FEW HUNDRED MILLION POUNDS, AND HE THOUGHT THIS WAS RIGHT.) DEFENSE, SOCIAL ADVANCES, NO UNEMPLOYMENT - ALL DESIRABLE, BUT WHO COULD PAY FOR THEM? INFLATION HAD SOARED, THERE HAD BEEN STRIKES AND OTHER INDUSTRIAL UNREST. UNLESS THERE WAS TO BE A COMPLETE CHANGE IN BASIC ATTITUDES HE THOUGHT THE JOB OF THE NEXT GOVERNMENT WOULD BE VERY DIFFICULT. THE FACT THAT ISRAEL HAD BEEN "TOO SUCCESSFUL" IN ITS FOREIGN POLICY AND, THANKS TO THE U.S. HAD OBTAINED MILITARY SUPERIORITY HAD REALLY BEEN A

PROBLEM IN ITSELF. THE AVERAGE VOTER HAD NOT UNDERSTOOD HOW IMPORTANT THESE THINGS WERE; IN A FEW MONTHS MANY WOULD REALIZE THAT THEY WERE VITAL. THESE REAL ISSUES, I.E., HOW TO PREVENT WAR AND ADVANCE PEACE, HAD NOT PLAYED THE ROLE IN THE ELECTION THEY SHOULD HAVE. THEY INFLUENCED EVERYTHING ELSE THAT WENT ON IN ISRAEL.

4. I ASKED WHETHER HE THOUGHT GOVERNMENT FORMATION WOULD HAVE TO AWAIT THE HISTADRUT ELECTIONS ON JUNE 21. THE PRIME MINISTER RESPONDED BY SAYING THAT HE THOUGHT THE LIKUD HAD LOST MOMENTUM BECAUSE OF BEGIN'S ILLNESS. HE HAD HEARD THAT THE DMC WOULD INDEED TRY TO PROLONG NEGOTIATIONS FOR A GOVERNMENT UNTIL AFTER THE HISTADRUT ELECTIONS WITH THE HOPE THAT IT COULD BECOME THE BALANCING FACTOR, THAT IS BALANCE THE LIKUD IN THE GOVERNMENT WHILE BALANCING LABOR IN THE HISTADRUT. THIS WOULD CERTAINLY BE A POWERFUL AND APPEALING POSITION  
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TO MANY DMC MEMBERS BECAUSE THEY COULD TELL THE PEOPLE THAT THEY HAD BROUGHT MODERATION INTO THE GOVERNMENT IN THE FIELD OF FOREIGN POLICY AND RELIGIOUS MATTERS AND HAD BEEN AN INSTRUMENT FOR CHANGE AND RENEWAL IN THE HISTADRUT SYSTEM.

5. IN RESPONSE TO MY QUESTION, RABIN SAID THE GOVERNMENT WOULD MAINTAIN IN ITS FINAL WEEKS IN OFFICE ITS SETTLEMENTS POLICY UNCHANGED. (NOTE: AVINERI HAD CONFIRMED THIS MORE PRECISELY IN A PREVIOUS CONVERSATION; HE SAID ANY UNAUTHORIZED SETTLEMENTS, I.E., ANY OUTSIDE THE "SECURITY BELT," WOULD BE REMOVED BY THE AUTHORITIES SO LONG AS THE RABIN GOVERNMENT REMAINS IN OFFICE).  
LEWIS

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